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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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FORM 10-Q

_X_ QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 1992

___ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ TO _____

Commission File No. 0-4678

Pancho's Mexican Buffet, Inc.
(Exact name of registrant as specified in its charter)

DELAWARE (State or other jurisdiction of incorporation or organization)	**75-1292166** (I.R.S. Employer Identification No.)
3500 Noble Avenue, Fort Worth, Texas (Address of principal executive offices)	**76111** (Zip Code)

817-831-0081
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES _X_ NO ____

Number of shares of Common Stock outstanding as of July 21, 1992: 4,400,379.

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PANCHO'S MEXICAN BUFFET, INC. AND SUBSIDIARIES

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PANCHO'S MEXICAN BUFFET, INC. AND SUBSIDIARIES

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

The consolidated financial statements included herein have been prepared by the Company without audit, except for the balance sheet as of September 30, 1991, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading. It is suggested that these condensed financial statements be read in conjunction with the financial statements and the notes thereto included in the Company's latest annual report on Form 10-K. In the opinion of the Company, all adjustments consisting only of normal recurring adjustments necessary to present fairly the financial position of the Company as of June 30, 1992 and the results of operations and cash flows for the indicated periods have been included. The results of operations for such interim periods are not necessarily indicative of the results to be expected for the fiscal year ending September 30, 1992.

Deloitte & Touche, independent public accountants, has made a limited review of the consolidated financial statements as of June 30, 1992 and for the three and nine month periods ended June 30, 1992 and 1991 included herein.

PANCHO'S MEXICAN BUFFET, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

ASSETS	June 30, 1992 (Unaudited)	September 30, 1991
Current Assets:		
Cash and cash equivalents	$ 5,067,311	$ 2,044,944
Accounts and notes receivable - current portion	397,720	277,677
Inventories	2,750,649	2,980,234
Prepaid expenses	357,234	720,918
Deferred income taxes	409,487	749,091
Total current assets	8,982,401	6,772,864
Property, Plant and Equipment:		
Land	3,504,725	3,831,672
Buildings	9,513,528	9,104,446
Leasehold improvements	20,692,688	19,764,745
Equipment and furniture	23,041,882	22,221,417
Construction in progress	162,156	574,210
Total	56,914,979	55,496,490
Less accumulated depreciation and amortization	27,615,827	25,296,102
Property, plant and equipment - net	29,299,152	30,200,388
Other Assets:		
Intangible assets	11,266	22,665
Deferred income taxes	755,268	572,964
Other, including noncurrent portion of receivables	1,310,769	662,313
Total other assets	2,077,303	1,257,942
TOTAL	$40,358,856	$38,231,194

LIABILITIES AND STOCKHOLDERS' EQUITY	June 30, 1992 (Unaudited)	September 30, 1991
Current Liabilities:		
Accounts payable	$ 1,582,529	$ 1,723,416
Accrued taxes on income	109,680	329,542
Accrued wages and bonuses	1,746,471	1,664,001
Other current liabilities	1,975,692	2,853,964
Total current liabilities	5,414,372	6,570,923
Other Liabilities:		
Accrued insurance costs	3,276,456	2,494,107
Restructuring reserves	559,680	552,861
Other	64,915	62,583
Total other liabilities	3,901,051	3,109,551
Stockholders' Equity:		
Common stock	528,345	511,405
Paid-in surplus	24,270,165	23,320,900
Retained earnings	11,434,610	9,908,102
Total	36,233,120	33,740,407
Less treasury stock	5,189,687	5,189,687
Stockholders' equity	31,043,433	28,550,720
TOTAL	$40,358,856	$38,231,194

See Notes to Consolidated Financial Statements.

PANCHO'S MEXICAN BUFFET, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF EARNINGS AND RETAINED EARNINGS
(Unaudited)

	Three Months Ended June 30		Nine Months Ended June 30	
	1992	1991	1992	1991
Sales--Restaurant and Related	$18,947,692	$19,582,950	$54,125,379	$54,092,167
Costs and Expenses:				
Cost of sales--restaurant and related - food and labor cost	10,558,997	10,840,346	30,441,985	29,484,851
Restaurant and other operating expenses	5,766,685	6,455,542	16,446,427	17,772,856
General and administrative expenses	1,457,357	1,451,123	4,206,770	4,456,874
Total	17,783,039	18,747,011	51,095,182	51,714,581
Operating Income	1,164,653	835,939	3,030,197	2,377,586
Other, Including Interest	12,175	4,439	17,884	16,680
Earnings Before Taxes on Income	1,176,828	840,378	3,048,081	2,394,266
Provision for Taxes on Income:				
Current	162,400	351,100	936,600	1,009,000
Deferred	282,000	(57,000)	152,800	(171,000)
Total	444,400	294,100	1,089,400	838,000
Net Earnings	732,428	546,278	1,958,681	1,556,266
Retained Earnings, Beginning of Period	10,920,881	15,163,183	9,908,102	14,153,195
Total	11,653,309	15,709,461	11,866,783	15,709,461
Less: Cash dividends	218,699		432,173	
Retained Earnings, End of Period	$11,434,610	$15,709,461	$11,434,610	$15,709,461
Net Earnings Per Common and Common Equivalent Share	$ .17	$ .13	$ .45	$ .36

See Notes to Consolidated Financial Statements.

PANCHO'S MEXICAN BUFFET, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited)

	Three Months Ended June 30		Nine Months Ended June 30	
	1992	1991	1992	1991
Cash Flows From Operating Activities:				
Net earnings	$ 732,428	$ 546,278	$ 1,950,681	$ 1,556,266
Adjustments to reconcile net earnings to net cash provided by operating activities:				
Depreciation and amortization	846,804	955,266	2,505,898	2,821,822
Provision for deferred income taxes	282,000	(57,000)	152,800	(171,000)
Amortization of restaurant start-up costs	5,544	26,900	30,466	89,110
Payment of restaurant start-up costs		(18,954)	(19,067)	(40,938)
(Gain) on sale of assets		(6,300)	(450)	(12,480)
(Increase) in trade receivables	(73,061)	(35,356)	(44,280)	(22,154)
(Increase) decrease in inventory and prepaid expenses - net	174,272	576,330	593,269	(441,979)
Increase (decrease) in accounts payable, accrued wages and bonuses and other liabilities	314,958	297,605	68,460	(205,854)
(Decrease) in income taxes payable - net	(127,600)	(142,170)	(219,862)	(265,100)
Other - net	10,354	17,456	50,628	23,835
Total adjustments	1,433,271	1,613,777	3,125,862	1,775,262
Net cash provided by operating activities	2,165,699	2,160,055	5,084,543	3,331,528
Cash Flows From Investing Activities:				
Property additions and renewals	(350,939)	(646,296)	(2,108,049)	(2,684,103)
(Decrease) in accounts payable for property	(3,762)	(55,546)	(209,149)	(19,759)
(Increase) decrease in equipment inventory	25,704	(61,568)	5,501	88,381
Proceeds from sale of assets	6,108	12,103	473,114	31,281
Net cash used in investing activities	(322,889)	(751,307)	(1,838,583)	(2,584,200)
Cash Flows From Financing Activities:				
Net (payments) under line of credit agreement		(285,000)		
Net proceeds from sale of common stock	144,500		208,580	
Dividends paid	(218,699)		(432,173)	
Net cash (used in) financing activities	(74,199)	(285,000)	(223,593)	
Net Increase In Cash And Cash Equivalents	1,768,611	1,123,748	3,022,367	747,328
Cash And Cash Equivalents, Beginning Of Period	3,298,700	1,093,999	2,044,944	1,470,419
Cash And Cash Equivalents, End Of Period	$ 5,067,311	$ 2,217,747	$ 5,067,311	$ 2,217,747
Supplemental information:				
Income taxes paid	$ 290,000	$ 493,270	$ 1,156,500	$ 1,268,270
Interest paid		13,971		27,152
Common stock issued for notes receivable (Note 3)	757,625		757,625	

See Notes to Consolidated Financial Statements.

PANCHO'S MEXICAN BUFFET, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. EARNINGS PER SHARE

Net earnings per common and common equivalent share are based on the weighted average number of shares and equivalent shares (stock options when not anti-dilutive) outstanding during each period. The weighted average number of such shares was 4,420,493 and 4,328,529 for the three- and nine-months ended June 30, 1992 compared to 4,316,494 and 4,288,777 for the same periods last year.

2. BORROWINGS AND BANK CREDIT LINE

The weighted average balances outstanding under the Company's revolving credit loan agreement with a bank were $2,143 and $377,619, respectively, during the three- and nine-month periods ended June 30, 1991, with interest at a weighted average annual rate of 9.6%. There were no borrowings during the nine-month period ended June 30, 1992.

3. STOCKHOLDERS' EQUITY

In April 1992, the Company issued 104,500 shares of common stock to certain officers in exchange for notes receivable in the amount of $757,625. The notes bear interest at 7.83% and are payable in ten equal annual installments plus interest. The shares were sold at the quoted market price on the day of sale.

Deloitte &
Touche

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801 Cherry Street
Fort Worth, Texas 76102-6801

Telephone: (817) 347-3300
Facsimile: (817) 336-2013

Pancho's Mexican Buffet, Inc.:

We have made a review of the consolidated balance sheet of Pancho's Mexican Buffet, Inc. and subsidiaries as of June 30, 1992, and the related consolidated statements of earnings and retained earnings and of cash flows for the three-month and nine-month periods ended June 30, 1992 and 1991, in accordance with standards established by the American Institute of Certified Public Accountants.

A review of interim financial information consists principally of obtaining an understanding of the system for the preparation of interim financial information, applying analytical review procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above for them to be in conformity with generally accepted accounting principles.

We previously audited, in accordance with generally accepted auditing standards, the consolidated balance sheet as of September 30, 1991, and the related consolidated statements of earnings and retained earnings and of cash flows for the year then ended (not presented herein), and in our report dated November 1, 1991, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet as of September 30, 1991, is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived.

Deloitte + Touche

July 22, 1992

PART I. FINANCIAL INFORMATION

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Financial Condition

The Company's current ratio was 1.7 to 1 at June 30, 1992 compared to 1.0 to 1 at September 30, 1991. Cash and cash equivalents increased $3.0 million during the nine-month period ended June 30, 1992. Cash provided by operations of $5.1 million, offset by net cash used for capital expenditures of $2.1 million, accounted for most of the cash increase. Cash provided by operations increased $1.8 million during the nine-months ended June 30, 1992 compared to the same period last year, due primarily to the payment of accrued and prepaid insurance costs in the prior year. Management believes that the Company's operating cash flows supplemented by short-term bank borrowings are adequate for its foreseeable capital needs.

In March and June 1992, the Company paid 5 cents per share quarterly common stock dividends. Previously, the Company had paid an annual dividend for each of the last twelve years (17 cents per share in fiscal year 1991).

Results of Operations

Restaurant and related revenue decreased $635,258 (3.2%) and increased $33,212 (0.0%) for the three- and nine-months ended June 30, 1992 (current three- and nine-month periods) compared to the same periods last year. One restaurant, in Lubbock, Texas, was opened in December 1991 and another, in College Station, Texas, opened in February 1992. Four restaurants were closed during the current nine-month period as part of the Company's restructuring plan initiated during 1991--one in Baton Rouge, Louisiana in December 1991 and three in the Denver, Colorado area in January 1992. The net effect of these restaurant openings and closings was to increase revenues by $51,000 and $906,000 for the current three- and nine-month periods, respectively. However, these revenue gains were offset by decreased comparable restaurant sales which resulted from a sluggish economy, an increasingly competitive environment and higher prior year sales due to unusually heavy advertising in the spring of 1991 to promote the introduction of the Fiesta Plate. Leases for two additional restaurants--one in San Antonio, Texas and another in Houston, Texas--have been obtained and openings are planned for late September 1992 or early fiscal year 1993.

Average sales for restaurants open throughout the current three- and nine-month periods were $288,262 and $814,539 compared to $288,215 and $806,218 for the same periods last year. Sales generated by restaurants open in fiscal year 1991 and 1992 (comparable restaurant sales) decreased 5.1% and 4.2% over the prior three- and nine-month periods after giving effect to menu price increases in fiscal year 1991.

Cost of sales as a percentage of sales for the current three- and nine-month periods was 55.7% and 56.2% compared to 55.4% and 54.5% for the same periods last year. The food cost component of cost of sales increased 0.3% and 0.8% for the current three- and nine-month periods compared to the same periods last year. Menu refinements were the prime cause for the food cost increases, although the current quarter comparison also benefited from high produce prices in the same period last year. Labor cost as a percentage of sales was equal to the prior year for the current quarter but higher year-to-date, largely due to the April 1, 1991 Federally mandated minimum wage increase.

Restaurant and other operating expenses as a percentage of sales for both the current three- and nine-month periods was 30.4% compared to 33.0% and 32.9% for the same periods last year. Reduced depreciation expense and operating losses in underperforming restaurants resulting from restructuring during fiscal year 1991, and significantly lower advertising and employee injury benefit costs accounted for most of the change. During 1991, advertising expenditures were shifted to spring to promote the introduction of the Fiesta Plate. (The Fiesta Plate includes any four items from the buffet, plus rice, beans, chips and hot sauce and sopaipillas, and is currently priced at $3.29.) Advertising spending in 1992 will follow the Company's traditional pattern of promoting most heavily during the summer months when kids are out of school.

General and administrative expenses as a percentage of sales for the current three- and nine-month periods was 7.7% and 7.8% compared to 7.4% and 8.2% for the same periods last year. The nine-month period decrease was due primarily to cost reduction measures and the positive impact of the restructuring announced during fiscal year 1991. Significant spending in the current three-month period for marketing research and financial public relations reduced expense savings in the current quarter.

The provision for income taxes was computed using an effective tax rate of 35% for the prior three- and nine-month periods. During 1991, the State of Texas revised its corporate franchise tax to include an income based component. Beginning January 1, 1992, the income tax accrual percentage was increased to 39% to reflect the changes in the Texas franchise tax. The actual tax accrual percentage recognized in the current three- and nine-month periods is less than 39% due to certain tax benefits recognized during the periods. The Texas franchise tax revision is expected to result primarily in a reclassification of expense from general and administrative expenses to provision for taxes on income, with only a moderate increase in total franchise tax expense for fiscal year 1992.

PART II. Other Information

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits Required by Item 601 of Regulation S-K

Exhibit Number	
2	Not applicable
4	Not applicable
11	Not required--explanation of earnings per share computation is contained in notes to consolidated financial statements.
15	Letter re: unaudited interim financial information
18	Not applicable
19	Not applicable
20	Not applicable
23	Not applicable
24	Not applicable
25	Not applicable
28	Not applicable

(b) Reports on Form 8-K

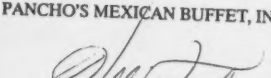
No reports on Form 8-K were filed during the quarter ended June 30, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

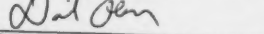
PANCHO'S MEXICAN BUFFET, INC.

July 21, 1992



Hollis Taylor, President and Chief Executive Officer (Principal Executive Officer)

July 21, 1992



David Oden, Vice President, Treasurer, Chief Financial Officer and Assistant Secretary (Principal Financial Officer)

EXHIBIT 15

Deloitte & Touche

Suite 2340
801 Cherry Street
Fort Worth, Texas 76102-6801

Telephone: (817) 347-3300
Facsimile: (817) 336-2013

Pancho's Mexican Buffet, Inc.:

We have made a review in accordance with standards established by the American Institute of Certified Public Accountants of the unaudited interim financial information of Pancho's Mexican Buffet, Inc. and subsidiaries for the three-month and nine-month periods ended June 30, 1992 and 1991, as indicated in our report dated July 22, 1992; because we did not perform an audit, we expressed no opinion on that information.

We are aware that our report referred to above, which was included in your Quarterly Report on Form 10-Q for the quarter ended June 30, 1992, is incorporated by reference in Registration Statement No. 2-86238 on Form S-8.

We also are aware that the aforementioned report, pursuant to Rule 436(c) under the Securities Act, is not considered a part of the Registration statement prepared or certified by an accountant or a report prepared or certified by an accountant within the meaning of Sections 7 and 11 of that Act.

Deloitte + Touche

July 22, 1992

Member DRT International